

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

UNCLAS STATE 162664

E.O. 11652: N/A

TAGS: APUB, MX

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO MEXICO

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF \$2,475,000 TO COMPANIA HULERA EUZKADI, S.A.
OF MEXICO CITY. RELEAE IS SCHEDULED FOR ANNOUNCEMENT HERE
IN WASHINGTON, D.C. FOR A.M. PAPERS, THURSDAY, AUGUST 8, 1974.

QUOTE: EXIMBANK CREDIT OF \$2,475,000 SUPPORTS \$5.5 MILLION
SALE OF U.S. EQUIPMENT TO MEXICO

TO SUPPORT A \$5.5 MILLION SALE OF U.S. EQUIPMENT REQUIRED
FOR THE EXPANSION OF THREE PLANTS IN MEXICO, ENGAGED IN THE PRO-
DUCTION OF TIRES AND OTHER COMMERCIAL RUBBER PRODUCTS, THE BOARD
OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS
AUTHORIZED A DIRECT CREDIT OF \$2,475,000 TO FINANCE 45 PERCENT OF
THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM
J. CASEY. A CREDIT OF \$2,475,000 FROM BANK OF AMERICA, WILL
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FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS. THE OBLIGOR, COMPANIA

HULERA EUZKADI, S. A. OF MEXICO CITY, WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OR \$550,000.

THE PROJECT IS FOR DESIGN AND EQUIPPING FOR EXPANSION OF THREE FACILITIES IN MEXICO INVOLVED PRIMARILY IN AUTOMOTIVE TIRE PRODUCTION BUT INCLUDING THE MANUFACTURE OF TRUCK, MOTORCYCLE AND BICYCLE TIRES AND OTHER COMMERCIAL AND INDUSTRIAL RUBBER PRODUCTS. THE PLANTS ARE LOCATED IN GUADALAJARA, MEXICO CITY, AND LA PRESA.

MACHINERY AND EQUIPMENT IS TO BE PURCHASED FROM VARIOUS U.S. SUPPLIERS AND IS EXPECTED TO INCLUDE RADIAL TIRE BUILDING MACHINES, LARGE VULCANIZERS, BEAD FORMERS AND TREAD APPLIERS.

THE LOANS ARE TO BE REPAYED IN 16 SEMIANNUAL INSTALLMENTS BEGINNING DECEMBER 10, 1975, WITH EXIMBANK'S CREDIT OF \$2,475,000 TO BE REPAYED OUT OF THE LAST 8 INSTALLMENTS WITH INTEREST AT AN ANNUAL RATE OF 7 PERCENT ON OUTSTANDING BALANCES. UNQUOTE
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